



Budget Proposal Fiscal Year 2020

Fiscal Year 2020

- Budget and Annual Goals
- Fiscal FY2020 Overview
- Revenue
- Property Values
- Expenses – General Fund
- Expenses – Enterprise Fund



Goals – Budget

- Deliver Core Functions:
 - Adequately provide for delivery of core functions of town and school
 - Advance effectiveness of operations
 - Improve operational efficiency
- Structurally balanced budget
 - Expenditures funded by recurring revenue
 - Maintain adequate undesignated fund balances
 - Sensible investment in assets



Goals – Budget

- Justifiable and Appropriate
 - Maintain stable tax rate
 - Be adequately justifiable in comparison to appropriate economic indicators and comparable communities

Throughout the presentation items that correspond to Budget Goals will be identified with a notation of (BG)

Goals – Annual

- Support Long-Term Planning and Growth Management Objectives
 - Work with local and regional organizations to attract and sustain appropriate local economic investment.
 - Propose and implement zoning amendments that support desired growth along Route 1 and Route 1 Bypass (targeted growth areas)
 - Advance Title 16 Recodification
- Enhance Financial Stability
 - Implement the tax lien policy and address tax liens from prior years
- Continue to Improve Organizational Efficiency

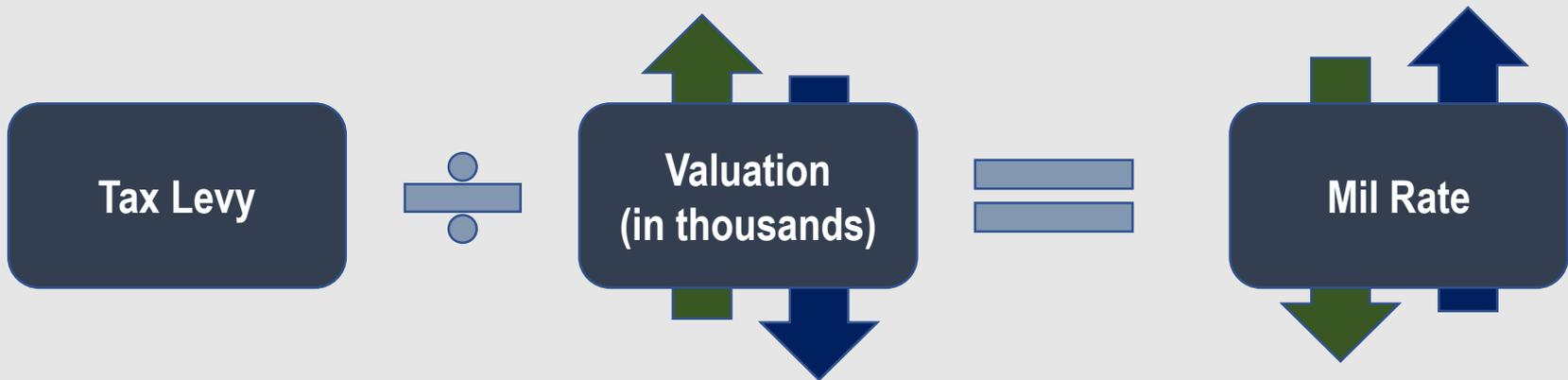
Goals – Annual

- Advance On-Going Initiatives
 - Launch climate adaptation study
 - Development ADU amendments
 - Complete Joint Land Use Study w/PNSY
 - Resolve matter of Library becoming a department
 - Develop a strategy for reuse or disposition of Taylor Building
 - Advance Library renovation and expansion
- Evaluation transition of Fire Chief to full-time position

Throughout the presentation items that correspond to Annual Goals will be identified with a notation of (AG)

Long-Range Picture

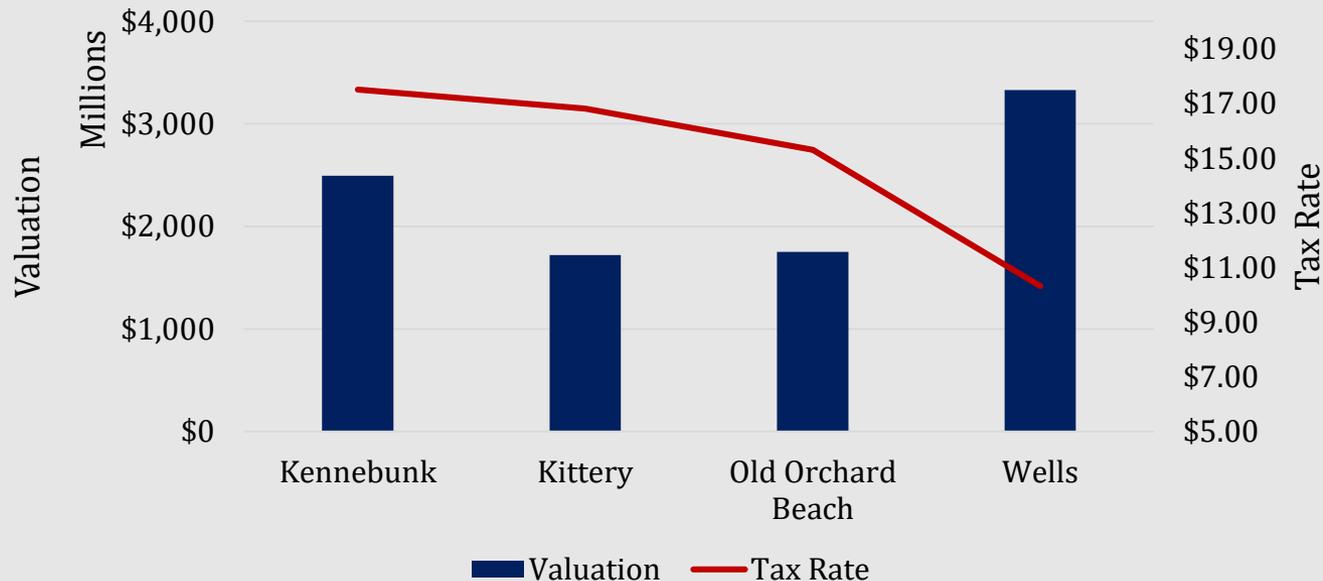
Balanced economic growth will be key to stabilizing the tax rate and retaining Kittery's strong economic diversity and identity



Comparability

FY20 proposal is justifiable compared to comparable communities (*BG*)

- Kittery expenses are consistent with communities of similar population in York County
- Kittery property valuation is 80% of market and may be artificially lagging comparatively, resulting in a higher mil rate



Property Values

- \$20M Increase in Projected Value.
 - ~ \$4.3M of increase associated with two TIF districts
 - Valuation vs. Market ~ 80%, down from 89% the prior year.

	FY18	FY19	FY20	Variance
Vacant	21,927,100	24,037,700	23,072,073	\$ (965,627)
Condominium	91,078,200	97,693,100	103,638,100	\$ 5,945,000
3-Family	9,138,700	9,717,500	9,629,800	\$ (87,700)
Apartment	11,069,500	11,705,600	11,949,000	\$ 243,400
Commercial	\$ 222,498,878	\$ 226,444,578	\$ 230,671,008	\$ 4,226,430
2-Family	54,396,500	55,261,600	55,384,500	\$ 122,900
Single Family	923,994,900	938,465,000	951,273,134	\$ 12,808,134
Other	20,158,900	20,144,500	19,951,400	\$ (193,100)
Exempt	72,464,900	72,162,200	72,957,904	\$ 795,704
Industrial	17,947,866	17,846,966	16,339,386	\$ (1,507,580)
Mobile Home	46,134,000	45,027,100	45,690,300	\$ 663,200
Residential Mixed Use	4,883,122	4,466,822	3,829,992	\$ (636,830)

Property - Value

- Added 27 units of housing in the past year.
- Median home listing price increased over the prior year
- Average rental ~ \$1,750 - \$1,900
- Average size home for sale 1,700sqft
 - 74% of all units are two & three-bedroom

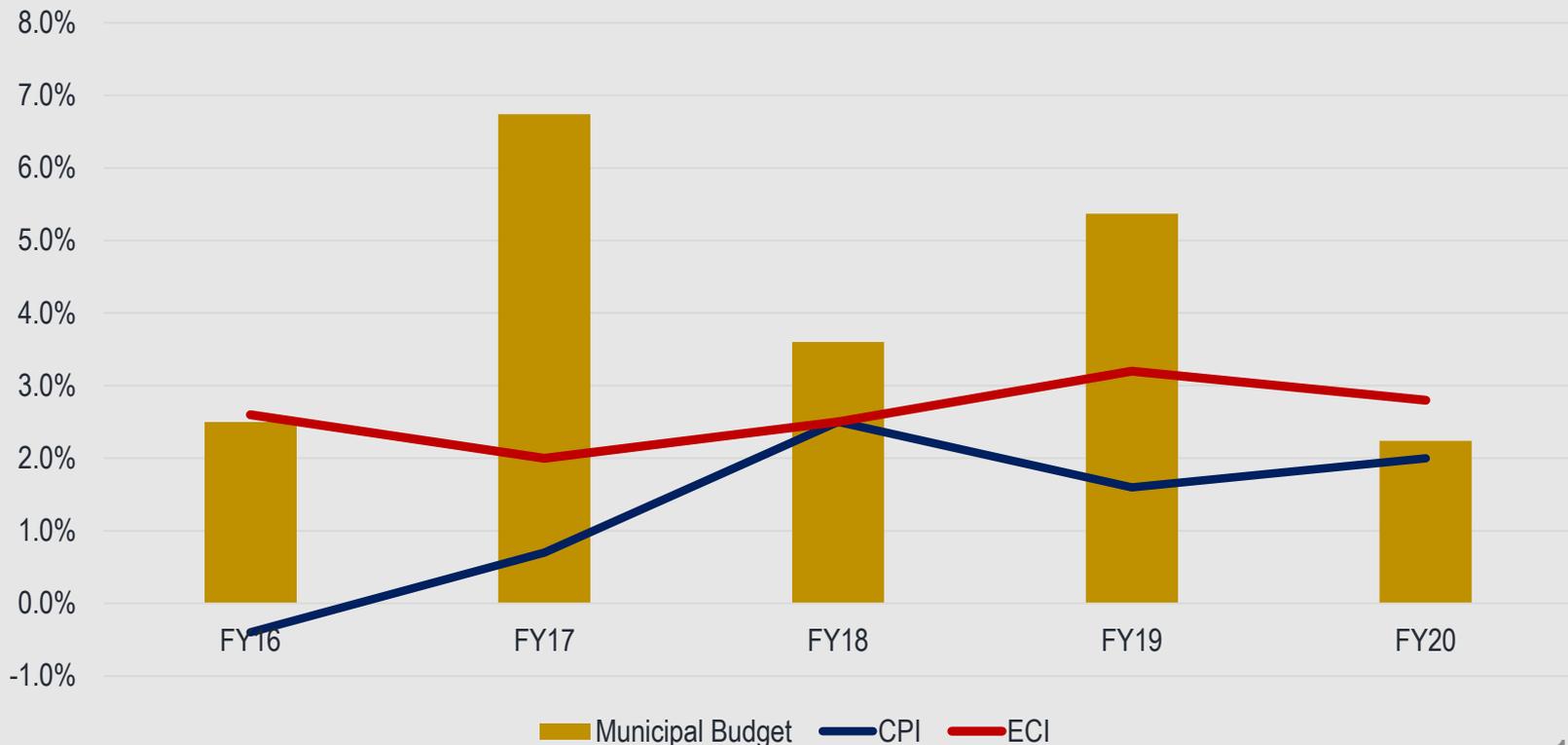
Median Home Listing May 2019 ¹		# of Homes for Sale
Kittery	\$420,000	61
Kennebunk	349,900	126
Wells	309,000	194
Old Orchard Beach	297000	101



Comparability – Econ Indicators

FY20 proposal for **Municipal Operations** is justifiable compared to economic indicators *(BG)*

Municipal Operations Budget vs. CPI & ECI



FY20 – Goals Reflected in Budget

- **Prior Goals Continued Forward** *(BG)*
 - Revenue offset for TIF Districts is appropriately calculated
 - Sewer Fund will cover its debt and still have a projected operating surplus for FY20 to begin to build necessary fund reserves
- **Maintain a Stable Tax Rate, Adequately Justifiable in Comparison** *(BG)*
 - Real Property Revaluation planned, expectation is to bring valuation to 99% of market
- **Enhance economic development activities to attract, support and sustain appropriate local economic investment** *(AG)*
 - Utilizing TIF funds for a GIS Software overhaul; provide better tools for property owners
 - Investment in roads and infrastructure

FY20 – Goals Reflected in Budget

- Address future Library facility needs *(BG,AG)*
 - Library incorporated as a full town department
 - Capital request includes full design of the renovation/expansion
- Streamline operations, improve service delivery, increase access to online services *(AG)*
 - Enhanced IT management services to reduce service outages and improve the stability of the technology environment
- Implement tax lien policy and address tax liens from prior years *(AG)*
 - Legal services budget anticipates cost of quiet claim deed work

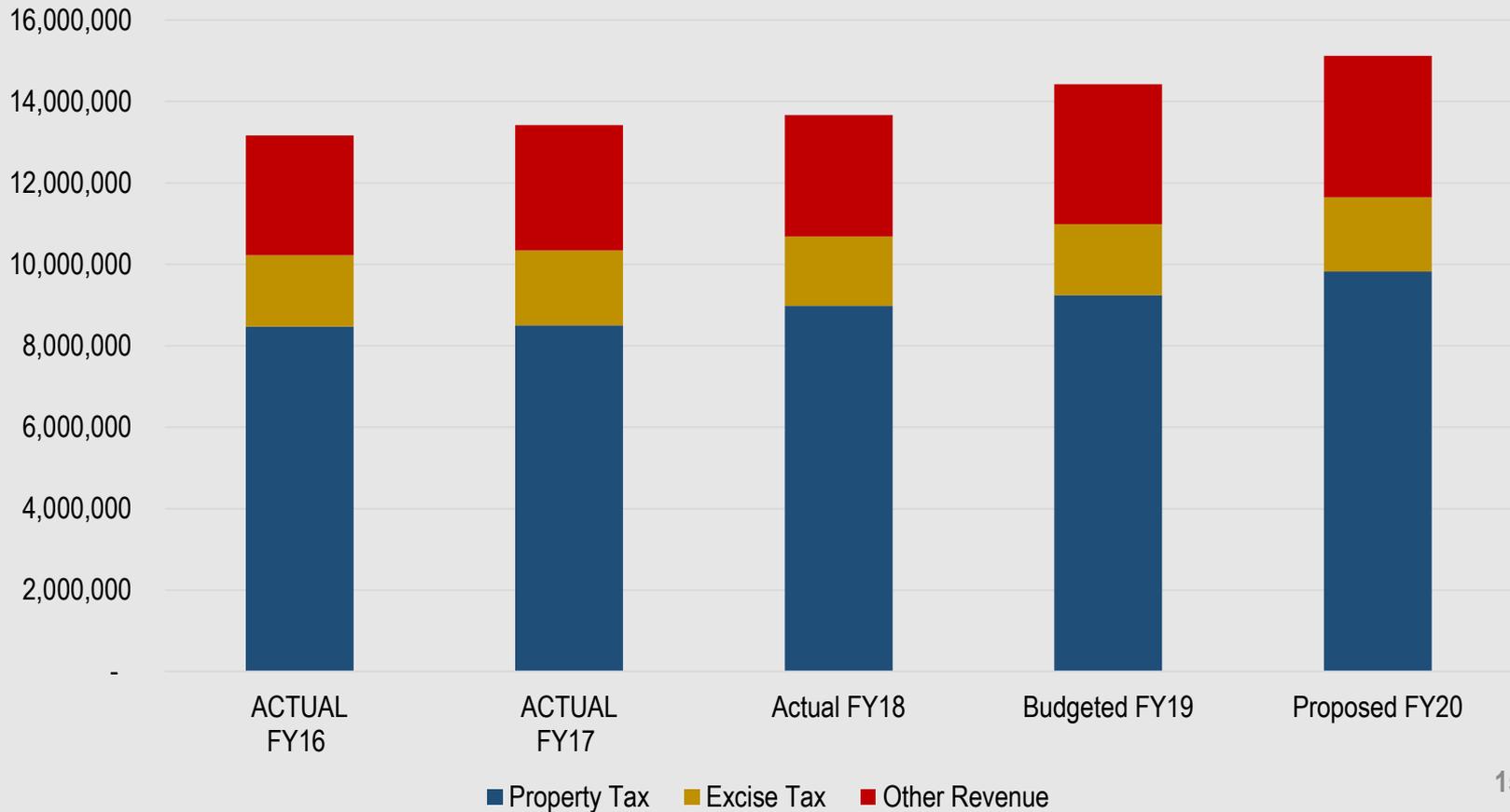
FY20 – Goals Reflected in Budget

Many of the current year goals require the dedication of staff time and/or were funded in the prior year or through other sources

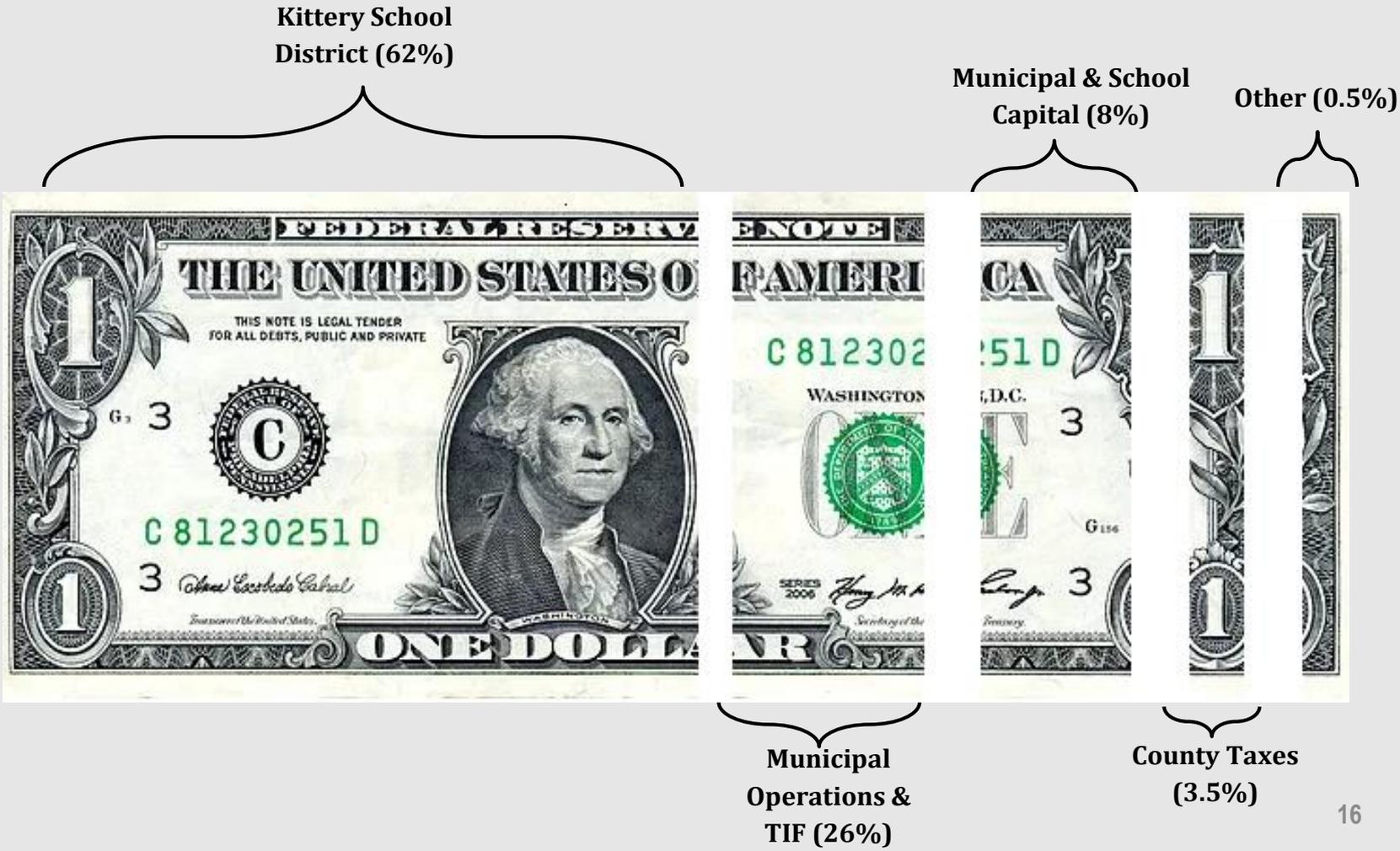
- Recodification of Title 16 – underway, committee work, requires staff time, funded through CIP *(AG)*
- Propose and implement zoning amendments that support desired growth along Route 1 and Route 1 Bypass, requires staff time *(AG)*
- Development ADU amendments – underway, committee work, requires staff time *(AG)*
- Complete Joint Land Use Study – underway, grant funded *(AG)*
- Support development of a strategy for reuse or disposition of Taylor Building – underway, committee work, requires staff time *(AG)*

Revenue - Sources

Property tax remains at 65% of total municipal revenues



Revenue – Property Tax Allocation



Revenue - Summary

- Total growth in municipal non-property tax revenue ~ \$101,143 ~ 1.93%
 - Recurring revenue \$311,121 ~ 6.38% (BG)
- Fort Foster Fee increase to support operations and capital - \$60,000 ~ 27.38% (BG)
- Dispatch services - \$14,640 ~ 16.38% (BG)

REVENUE PROJECTIONS	Actual FY17	Actual FY18	Budgeted FY19	Proposed FY20	Variance
Recreation	\$932,263	\$1,023,622	\$982,000	\$1,010,000	\$23,000
SW Fees & Fines	\$177,189	\$169,866	\$180,000	\$170,000	(\$10,000)
Fort Foster Fees	\$198,952	\$219,168	\$195,000	\$255,000	\$60,000
Harbormaster Fees & Fines	\$133,351	\$129,135	\$135,140	\$148,600	\$13,460
Dispatch Income	\$90,000	\$91,350	\$93,360	\$108,000	\$14,640

Revenue – Non-Recurring

Use non-recurring revenue judiciously and for non-recurring expenditures *(BG)*

- FY20 Revenue includes proposed \$50,000 transfer from Channel 22 PEG Funds. Channel 22 PEG revenue is recurring in excess of expenditures

CHANNEL 22 PEG	FY16	FY17	FY18	Budget FY19	Proposed FY20
Beginning Fund Balance	\$297,866	\$367,821	\$432,002	\$488,038	\$263,116
Revenue	\$110,333	\$113,719	\$109,357	\$104,056	\$101,454
Expense	(\$40,378)	(\$49,538)	(\$53,319)	(\$85,000)	(\$60,000)
Transfer to General Fund				(\$243,978)	(\$50,000)
NET	\$367,821	\$432,002	\$488,038	\$263,116	\$254,570
Held for Capital Reserve			(\$200,000)	(\$200,000)	(\$200,000)
AVAILABLE BALANCE			\$288,038	\$63,116	\$54,570

Expense - Summary

- Municipal Operations - \$268,898 – 2.24%
- Town and School Capital - \$285,236 – 16.75%
- TIF and County Taxes - \$134,147 – 13.48%

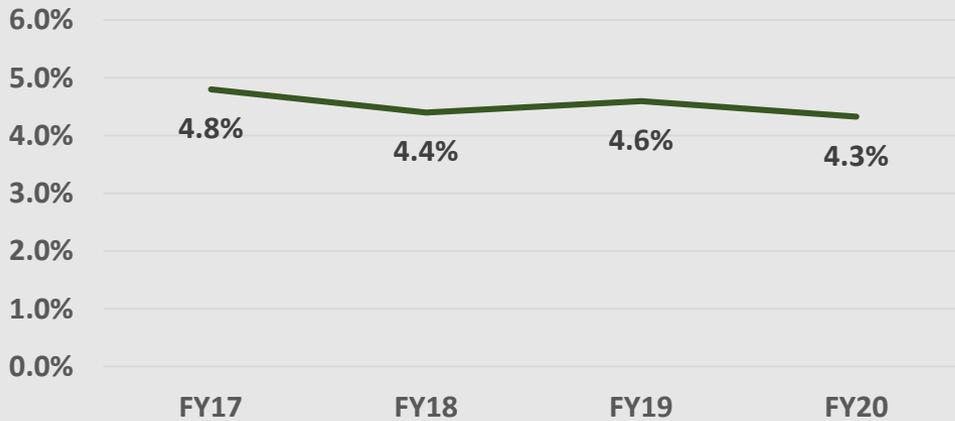
~ increase on tax rate 3.6%

Average impact: \$240/year

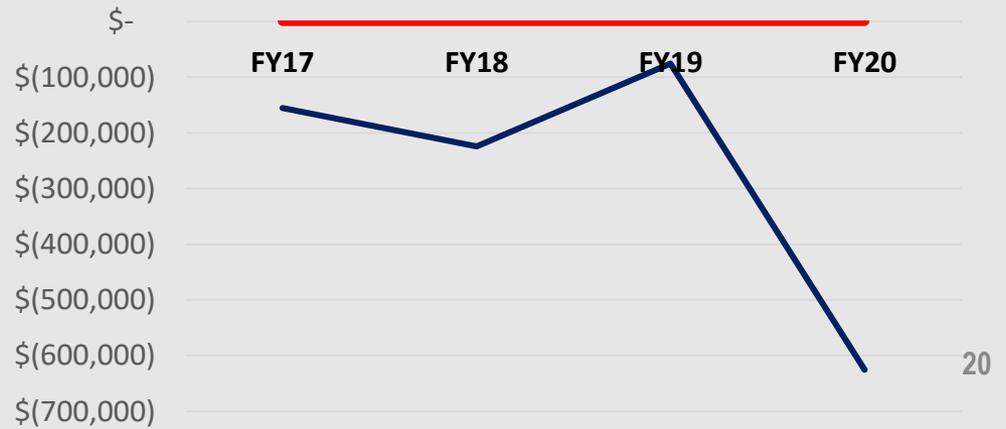


Expense - Summary

% Increase in All Expenses



LD-1



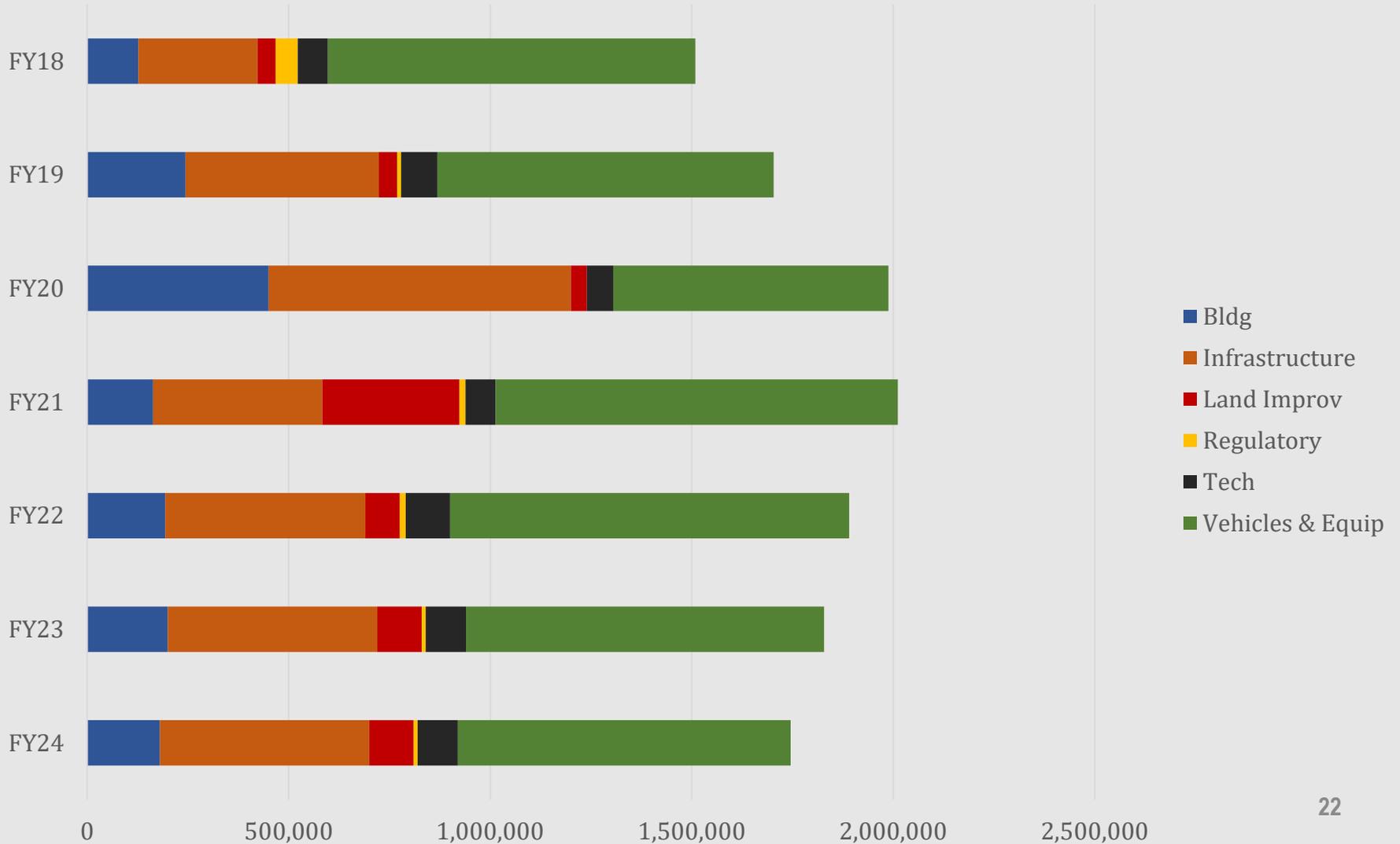
Expenses – Capital

CAPITAL - Stabilize funding level for the foreseeable future

- Right of Way – \$500,000 *(BG, AG)*
 - Funded to continue to meet annual pavement management plan estimates without having to seek bonding
- Library Building Design - \$400,000 *(AG)*
 - Design through construction documents and bids
- LED Street Light Conversion - \$240,000 *(AG)*
 - Return on Investment - Less than 3 years
 - First year operating savings ~ \$65,000



Expenses - Capital



Wages

FY20 reflects contractual obligations for Cost of Living and longevity

Staff Adjustments:

- DPW Commissioner – salary adjustment for comparability with other dept heads
- Utility Bookkeeper/Assistant Tax Collector to Deputy Treasurer/Tax Collector Bookkeeper
- Stormwater Coordinator made FT in DPW, eliminated PT Shoreland Officer in Planning
- Animal/Parking Control Officer from PT to FT



Expenses - Shared



- SHARED EXPENSES incorporate Library employees benefit costs.
- Shared Expenses increase - \$80,453
 - State Retirement increase \$53,593. Contribution rate is unchanged.
 - Medical Insurance increase \$26,090. Rates increased 4% for union and 9% for non-union
 - Workers Compensation decrease \$36,587, revised allocation among groups (town, school, sewer) and lower than expected rates.

Expenses – Departments

- ADMINISTRATION - \$20,071 increase
 - Other professional services – (\$20,000) (BG)
- DEBT & INTEREST - \$13,131 decrease
 - Reduction in interest for amortized bonds

Expenses – Departments

- Miscellaneous Expenses - \$74,997 increase
 - Retain \$50,000 Salary Adjustment for flexibility in new hires, adjustments, and to capture any overages that may arise from library staff calculations.
 - Computer Repair includes enhanced technology management – \$3,000 *(AG)*
 - Streetlight savings from LED conversion – (\$65,000) *(AG)*
 - County Taxes - \$23,147
 - TIF Financing Plan calculation significant increase - \$111,000

Expenses – Departments

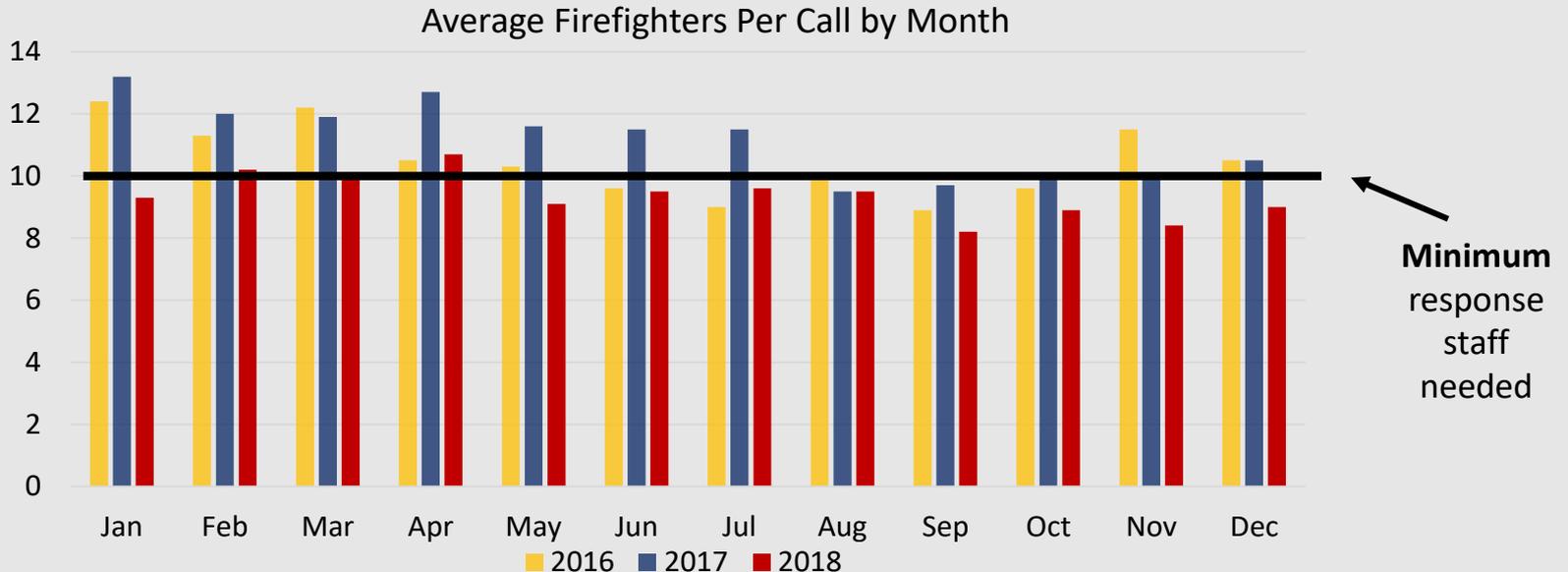
- PLANNING & CODE ENFORCEMENT - \$32,884 increase
 - Incorporated Assessing function into Planning budget
 - Real Estate Property revaluation phase one - \$33,000 *(BG)*

Planning and Code will be focusing on in the coming year:

- ❑ Finishing recodification of Title 16
- ❑ Affordable Housing Initiatives
- ❑ Short term rental ordinance development
- ❑ State Road and Mall Corridor redevelopment opportunities

Expenses – Departments

- FIRE - \$19,172 increase
 - Fire Chief reclassified as FT - \$34,009 (AG)
 - Operating Equipment battery powered vent fans - \$4,000



Expenses – Departments

- POLICE - \$96,867 increase
 - Longevity playing a major role in wage increases
 - Animal Control Officer to FT – \$30,025
 - Education and training to prepare officers for advancement - \$7,000
 - Machine and equipment to appropriately reflect actual costs - \$29,032 *(BG)*
 - Armory supplies for Taser upgrade and annual training - \$4,000



Expenses – Departments

- Public Works - \$97,590 combined increase

Highway - \$35,370 increase

- Stormwater Coordinator from PT to FT - \$2,000
- Striping and Trees Services - \$9,000 combined

Parks & Beaches- \$21,979 increase

- Additional seasonal employee for roadside and parks maintenance.

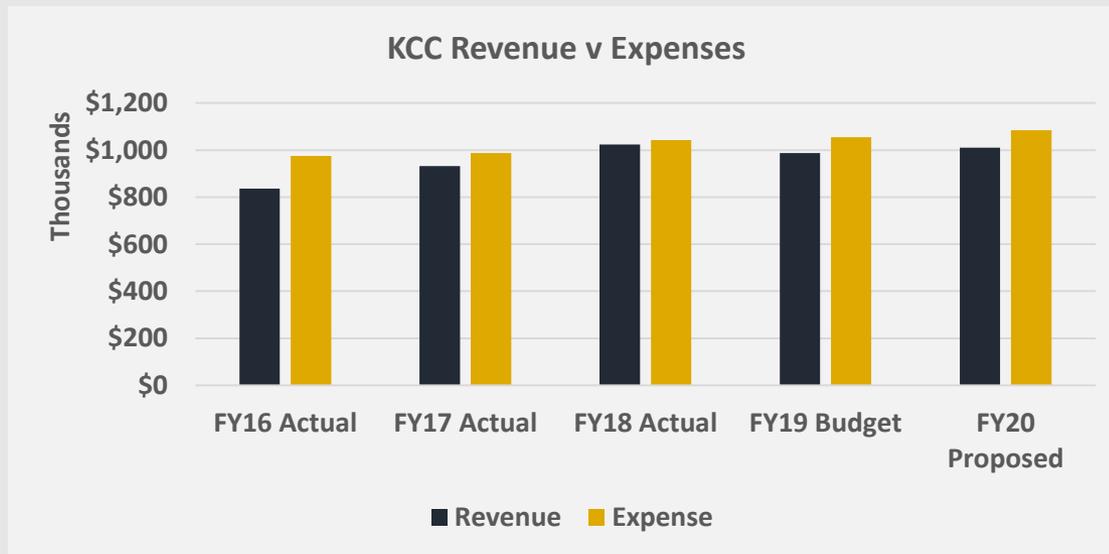
Resource Recovery - \$34,085 increase

- Increased cost of disposal - \$14,500



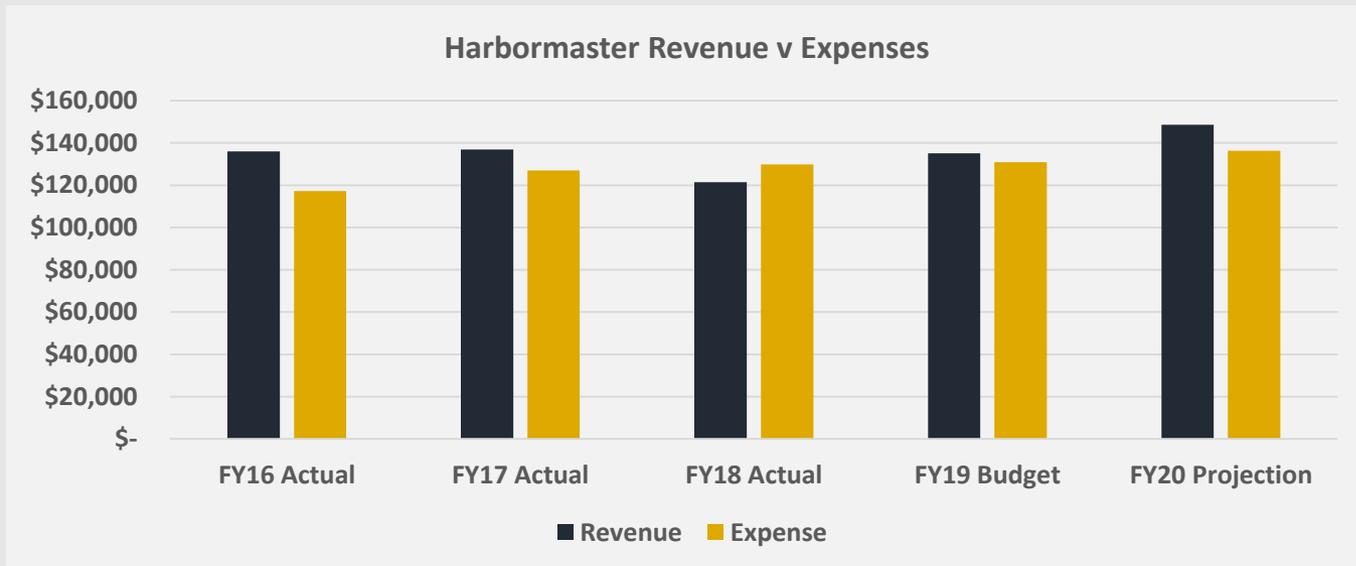
Expenses – Departments

- Kittery Community Center/Recreation - \$29,801 increase
 - All program transportation outsourced to bus and coach companies
 - Classify instructors consistently
 - Consolidate summer camp lines



Expenses – Departments

- Harbormaster – Kittery Port Authority - \$11,624 increase
 - Harbormaster rate based on actual – \$5,244
 - Boat Equipment and maintenance to incorporate annual preventative maintenance - \$1,750
 - Wharf maintenance reflect actual anticipated costs - \$3,000



*Includes benefit costs for purpose of comparison.

Expenses – Departments

- Library – Effective July 1 will be a town dept. Library Board will remain a 501c3, focus on fundraising
 - Employment costs (FICA, health, retirement) are incorporated into the Shared Services budget
 - Finance and insurance costs absorbed by existing town operations – (\$24,700)
 - Costs associated with 501c3 mission – (\$2,500)
 - Building cleaning represented wages and have been incorporated into Library FT



Expenses - Departments

- Community Agencies – no change
 - Funding those organizations that most directly serve Kittery residents
- Adult Education - \$12,205 increase
 - Launch Workforce Training/Apprenticeship program to work with local employers on career development for skilled labor and technical trades

Expenses – Enterprise Fund

- Sewer budget developed to begin building operating reserve \$87,181
- Sewer – \$147,682 decrease
 - Capital reserve to be funded through development fees - (\$200,000)
 - Sewer Clerk increased to FT based on need - \$22,696
 - Sludge costs increased in anticipation of regulation impacts - \$6,500



Wrap Up

- Total town portion of property tax levy increase \$468,575
 - Municipal Operations - \$268,898 – 2.24%
 - Town and School Capital - \$285,236 – 16.75%
 - TIF and County Taxes - \$134,147 – 13.48%
- Projected mil rate is \$17.40
- Projected annual increase is \$240 based on the average home, or approximately a 3.6% increase

Thank you to the Town Department Heads and staff for their efforts in developing the FY2020 budget.

Questions